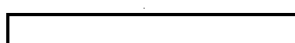


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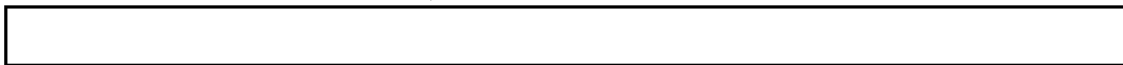
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25X1 [redacted] USSR-Germany: [The Soviet memorandum of 17 February to Bonn probably is a reminder to the West that the Berlin and German questions remain unsolved. It may have been timed to influence Chancellor Adenauer's talks with Prime Minister Macmillan on 22 February. Although the memorandum asserted that negotiations cannot be further deferred, it avoided establishing an explicit deadline. Moscow makes no new proposals and reaffirms its long-standing positions on establishing a free city in West Berlin and concluding a German peace treaty. The memorandum does not exclude the possibility of an interim solution of the Berlin question under a definite time limit, and repeats the general threat to conclude a separate peace treaty.]

25X1 [redacted] (Backup, Page 2)

25X1 [redacted]

25X1 [redacted]

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[REDACTED]

*Burma: The rioting in Rangoon on 21 February was the most violent anti-American demonstration ever held in Burma; well planned and directed, it probably has set the stage for further disturbances. The leaders were leftist students and representatives of groups in the pro-Communist National United Front who had received police permission to demonstrate against the murder of Patrice Lumumba and against the supply of American materiel to the Chinese Nationalist irregulars in northeastern Burma. They were forbidden, however, to approach the American Embassy. Although a number of police and demonstrators were injured and two deaths have been reported, thus far no Americans have been hurt and property damage has been limited to smashed windows in the embassy building and at the Pan American Airways office. [REDACTED]

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*North Vietnam: Premier Pham Van Dong will no longer hold the Foreign Ministry portfolio, although he retains the premiership. According to a 22 February announcement, Hanoi's new foreign minister is Ung Van Khiem, a fast-rising former guerrilla leader who has been linked with the current intensified drive to overthrow South Vietnam's President Diem. Khiem is a close associate of party First Secretary Le Duan. Over the past year, several of Le Duan's guerrilla colleagues have moved up in the party and government structure, suggesting that Le Duan is reinforcing his position as Ho Chi Minh's most likely successor. [REDACTED]

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25X1 [] Portugal: Defense Minister Botelho Moniz claims he has given Premier Salazar a virtual ultimatum that immediate economic and social reforms must be undertaken to alleviate the deteriorating situation in Angola and the other African provinces. Moniz told Salazar a few days ago that action had to be taken before the UN General Assembly reconvenes on 7 March and that his ministry would "take the matter into its own hands" if Salazar did not comply.

In northern Angola the leading non-Communist Angolan nationalist organization, which is based in Leopoldville, reportedly plans to launch a terror campaign about 15 March in an effort to focus world attention on Portuguese Africa while the UN General Assembly is in session. []

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*Ghana: President Nkrumah, in his address to the Ghanaian parliament on 21 February, endorsed the Volta River hydroelectric project being developed under Western auspices. He mentioned, but did not emphasize, the recently concluded agreement with the USSR for the construction of a smaller dam. There had been a report that Nkrumah, in an emotional reaction to developments in the Congo, might denounce American aid because of his disagreement with the United States' policies, which he feels are frustrating his pan-African ambitions. []

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WATCH COMMITTEE CONCLUSIONS

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[On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:]

- A. [No Sino-Soviet bloc country intends to initiate hostilities against the United States or its possessions in the immediate future.] *no*
- B. [No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the bloc in the immediate future.]
- C. [Communist forces in Laos continue the active defense of their base area in the Plaine des Jarres. The bloc shows no inclination toward a political settlement except on its own terms. The Communist forces in Laos retain the capability to increase somewhat their military efforts in support of their political objectives.]
- D. [Effective implementation of the strengthened UN mandate in the Congo will probably tend to arrest the disintegration of the Gizenga regime, to inhibit the military activity of Mobutu's forces, and to raise a serious possibility of armed clashes between UN forces and the Katanga army.]

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Moscow's Memorandum to Bonn Restates Position
On Germany and Berlin

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[The Soviet memorandum of 17 February probably represents the first of a series of diplomatic moves to reactivate the Berlin question and test the Western attitude toward a resumption of high-level negotiations on Germany and Berlin. The move was apparently in response to Adenauer's private efforts, acting through the Austrian and Norwegian foreign ministers last fall, to gain some clarification of the Soviet position. Furthermore, in reply to Adenauer's statement to Smirnov in early January that the disarmament question should be given priority over the Berlin and German problems in East-West talks, the memorandum calls for negotiations on Berlin without further delay and describes the "working in" period for the new US administration and the need to await the West German elections as a "train of delaying arguments."]

[As the first formal and complete recapitulation of the Soviet position since the Paris summit, the memorandum reaffirms standard proposals but does not insist on immediate implementation of the free city and refers to a possible interim solution with a fixed time limit. This approach is similar to the last Soviet proposal--made on 9 May, before the abortive summit meeting--when Moscow offered a two-year interim solution, at the end of which the four powers would be committed to establish a free city and sign a peace treaty with both German states. The memorandum also repeats the Soviet claim that a separate treaty, which would be signed either at the end of the interim period or in the event that West Germany refused to participate in the peace settlement, would liquidate the occupation of Berlin and force the Western powers to negotiate access to Berlin with East Germany.]

[In dealing with the interim solution, Moscow asserts for the first time that Bonn has no authority to participate in negotiations on such an agreement. This position ignores the fact that both East and West Germans participated as observers at the Geneva foreign ministers' conference discussions in 1959, which covered an interim agreement. It also contradicts the Soviet note of 2 March 1959, proposing that both German states participate]

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[In negotiations on the questions of West Berlin and a peace treaty with Germany. The new gambit is probably designed to elicit a West German claim to take part in any discussions, which the USSR could use as an argument for including the East Germans, or to draw a West German refusal, which the USSR would then represent as an acceptance of its position that West Germany has no legal relationship to West Berlin.]

[The remainder of the Soviet memo reaffirms that unification and a peace treaty are separate issues and charges that West German "revisionism" over border questions necessitates the conclusion of a peace treaty. The memo also indicates the USSR will consider West German counter-proposals if they are based on the "present situation," meaning the existence of "two Germanies."]

[Following an easing of Moscow's propaganda attacks on West Germany last fall, Adenauer has sought to exploit the "improved atmosphere" in hopes of forestalling any sharp tension over Berlin at least until after the West German national elections in September. Adenauer also continues to favor reducing tensions through an agreement on disarmament before tackling the Berlin and Germany problems. However, if talks on Berlin are unavoidable, he will press for Bonn's participation.]

[Khrushchev's letter to Adenauer dealt only with the question of repatriation of German nationals in the USSR. Khrushchev returned to the official Soviet position of early 1960 that formal repatriation ended on 31 December 1959 and henceforth would proceed only in the framework of Soviet law. In a private talk on 17 October Khrushchev told the German ambassador that any Soviet citizen was free to leave and that the matter could be reopened in official talks.]

[The repatriation of Germans from the USSR has had considerable domestic significance in West Germany. Nearly 10,000 German war prisoners were released in 1955-56 in connection with the 1955 agreement to establish diplomatic relations between]

[Bonn and Moscow, and their return enhanced Adenauer's prestige. On the basis of a 1958 agreement, approximately 13,000 Germans went from the USSR to West Germany, but Bonn claims that there are still 10,000 eligible Germans in the USSR seeking to emigrate.]

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Rioting in Rangoon

The anti-American demonstrations in Rangoon were professionally led and clearly intended to result in violence.

Supplies of bricks and stones--and, [REDACTED]

[REDACTED] Molotov cocktails intended for burning the embassy building--were stored in the park across the street before the demonstrators arrived. Order was restored only when the army reinforced the 200-man police guard at the embassy and fired into the mob.

[REDACTED] The leaders--left-wing students [from the pro-Communist Rangoon University Student Union and the All-Burma Federation of Student Unions, as well as representatives from the Communist-dominated Burma Trade Union Congress] and the National United Front--flouted police orders to stay away from the embassy. [As soon as the mob turned violent, a number of the student demonstrators returned to the university campus to pass resolutions condemning the "police brutality."] Such a move has in the past preceded expanded student strikes and demonstrations and, although Rangoon remained quiet on 22 February, there were widespread reports that new violence aimed primarily at the police would be undertaken. Student-led demonstrations have long been major political weapons, and only the army-led administration of General Ne Win was uninfluenced by them. Now provided with "martyrs"--two dead and 33 injured, according to the latest reports--as well as the emotionally charged issue of American materiel captured from the Chinese Nationalist irregulars, student demonstrators may again become a significant influence on government policy.

The popularity of the demonstrators' cause is underscored by a statement issued by the ruling Union party on 22 February which sympathized with the demonstrators' "strong spirit of nationalism" and appealed to the people to "observe restraint" but failed to condemn the mob violence. Although responsible government officials have not sought to stir up anti-American sentiment, their own handling of the irregulars issue has served to promote the violence.

Portuguese Defense Minister Demanding Changes
In Lisbon's African Policy

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[Defense Minister Moniz and his staff reportedly believe that Lisbon must choose between two courses of action in Africa: (1) either trying to hold on to Angola by military force and having it eventually turn into another Congo, or (2) improving living and working conditions sufficiently that the African provinces will be willing to remain with Portugal in a voluntary political relationship. They are demanding that Salazar cancel all industrial monopolies in Angola and issue orders providing social benefits, minimum wages, and similar reforms, in return for which Moniz is said to have assured Salazar the complete support of the Defense Ministry.]

[The defense minister expects further difficulties in Africa soon, and reportedly is putting into effect a 13 February order giving his ministry control over the security forces in Angola. Portuguese military leaders are said to be more concerned over the "extremely serious" situation in the Angolan district of Malange than they are over the recent Luanda disturbances. The powerful industrial combines are exploiting native labor in Malange under conditions of virtual slavery. Military authorities report difficulties with their white troops, who observe the way the colony is run and realize government propaganda is false.]

[The chief non-Communist Angolan nationalist organization, the Union of the Angolan People (UPA), which has its headquarters at Leopoldville in the Congo, apparently is concerned that a majority of Angolan youths are becoming pro-Communist. Its leaders believe it must launch a terrorist campaign to spearhead the struggle for independence, but it is hampered by a shortage of funds and limited military equipment. The UPA allegedly has some 100 rifles [redacted] and a small number of submachine guns, hand grenades, and land mines. Because of the recent disorders in Luanda and pressure from adherents in Angola, the UPA reportedly now is reversing the policy of restraint it has followed heretofore, and about 15 March will start a campaign of attacks on white-owned plantations and other civil disturbances in an area between Luanda and the Congo border.]

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The Department of State

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 The Under Secretary of State
 The Director, International Cooperation Administration
 The Deputy Under Secretary of State for Political Affairs
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